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SENATE REPUBLICAN POLICY COMMITTEE

Conference Report Highlights

September 6, 2007

Highlights of the Conference Report to Accompany H.R. 2669, the College Cost Reduction and Access Act

The Conference Report, H. Rept. 110-317, was filed on September 5, 2007.

Noteworthy

- The Conference Report is estimated to produce $22.32 billon in savings over Fiscal Years 2007-2012. The majority of the reductions are the result of provisions relating to student loan lenders. Among the largest spending reduction ($12.37 billion) is the reduction of the special allowance payment rate for lenders.

- The spending reductions are partly meant to satisfy reconciliation instructions to reduce mandatory spending within the jurisdiction of the House Education and Labor and Senate Health, Education, Labor and Pensions Committees by $750 million for Fiscal Years 2008-2012. The Conference Report results in a net savings of $752 million

- Spending increases in the Conference Report are estimated to total $21.57 billion over Fiscal Years 2007-2012. Among the new spending is $11.39 billion to increase the maximum Pell grant from its current level of $4,310 to $5,400 in the 2012-2013 academic year. Costing approximately $6.08 billion is the provision to reduce interest rates on subsidized Stafford loans. Interest rates will go from their current rate of 6.8 percent to 3.4 percent in 2012. The interest rate beyond 2012 is uncertain.

- As a reconciliation conference report, H.R. 2669 has privileged status. It cannot be filibustered and debate is limited to 10 hours in the Senate. In addition, “Byrd Rule” points of order can be raised against extraneous provisions in the conference report. Sixty votes are required to waive a point of order.

- The Majority Leader has announced his intention to take up the Conference Report this week.

Highlights

The Conference Report is estimated to produce $22.32 billion in savings over Fiscal Years 2007-12, and a net savings of $752 million. The bulk of these savings ($12.37 billion) comes from the reduction of the special allowance payment rate for student loan lenders. Spending increases in the Conference Report amount to $21.57 billion over FYs 2007-12. The largest spending increase is the increase in the maximum Pell grant, which is estimated to cost $11.39 billion. The chart below, produced by the Republican staff on the Senate Budget Committee using data from the Congressional Budget Office (CBO), provides greater detail on the conference report's spending reductions and increases.

2007 Reconciliation, H.R. 2669

	2007-2012 (in billions)
Spending Reductions	
SAP Reduction	-12.365
PLUS Auction	-2.03
Eliminate Exceptional Performer/Reduce Rate to 95	-1.16
Increase origination Fee to 100 basis points	-2.225
Public Service Loan Forgiveness[1]	-0.025
Guarantee Agency Retention Fee to 16 pct	-1.94
Lower guarantee agency account maintenance fee	-2.575
Interactions	0
Gross Savings	**-22.32**
Spending Increases	
Perkins Loan Recall Delay	0.453
Other Student Aid Edibility Rule Changes	0.084
Pell Grant Appropriations[2]	11.39
Income Contingent Repayment/Deferment Changes[1]	1.035
Reduce Borrower Interest Rate (Sub Stafford)	6.075
TEACH Grants[1]	0.325
Upward Bound Appropriation[2]	0.207
HBCU Grants[1]	0.51
College Access Challenge Grants[1]	0.132
Interactions	1.357
Gross Spending	**21.568**
Net Savings	**-0.752**

Source: CBO, Senate Budget Committee-Republican Staff

1 New Program

2 Existing discretionary program funded as mandatory in authorizing bill

Below are provisions of note in the conference report:

- Interest Rate Reductions – The Conference Report contains a provision similar to that in the House-passed bill which reduces interest rates on subsidized Stafford loans. The Conference Report lowers interest rates in incremental amounts from their current level of 6.8 percent to 3.4 percent in 2012. In its Statement of Administration Policy (SAP) on the House bill, the Administration stated that it was "particularly concerned that H.R. 2669 would reduce interest rates on student loans over five years, after which the interest rate would revert to the current 6.8 percent – a budgetary gimmick that hides the cost of extending this misguided proposal."[1]

- Mandatory Pell Grant Increases – The Conference Report provides new mandatory funding for Pell grants to increase them from their current level of $4,310. The maximum Pell grant would increase by $490 in academic years 2008-09 and 2009-10; by $690 in 2010-11 and 2011-12; and $1,090 in 2012-13. These increases will bring the maximum Pell grant to $5,400 in the 2012-13 academic year.

- Upward Bound – The Conference Report provides $57 million in each of Fiscal Years 2008-11 to Upward Bound projects that did not receive assistance in FY 2007 and received a grant score of above 70. The Senate-passed bill contained no similar provision. Upward Bound is designated to provide support for low-income students to succeed in their secondary education and enroll in and graduate from institutions of postsecondary education. In the SAP on the House bill, the Administration stated its concern that funding would go to prior Upward Bound grantees who submitted low-scoring applications.[2]

- TEACH Grants – The Conference Report creates TEACH (Teacher Education Assistance for College and Higher Education) grants. The Senate bill contained no similar provision. TEACH grants will provide $4,000 a year, with a $16,000 maximum, to undergraduate and graduate students who agree to teach a high-need subject in a high-need school for four years. Recipients who do not complete their service requirement will be required to repay TEACH grants as loans under the Higher Education Act, Title IV, Part D. The Conference Report authorizes "such sums as may be necessary" to provide TEACH grants.

- Lender Cuts – Spending reductions are achieved through a variety of cuts to student loan lenders. The Conference Report lowers the percentage which guarantee agencies are allowed to retain from payments made through collections on defaulted loans from 23 percent to 16 percent. The Conference Report also lowers the lender special allowance payments. Special allowance payments (SAPs) are made to lenders in the Federal Family Education Loan (FFEL)

[1] Office of Management and Budget (OMB), "Statement of Administration Policy on H.R. 2669 – College Cost Reduction Act of 2007," July 10, 2007. [http://www.whitehouse.gov/omb/legislative/sap/110-1/hr2669sap-r.pdf]
[2] OMB.

program to ensure that lenders receive an equitable return on their loans. In general, the SAP amount is the difference between the amount of interest the lender receives from the borrower or the government and the amount that is provided under requirements in the Higher Education Act. In the conference agreement, the SAP is lowered by 40 basis points for non-profit lenders and by 55 basis points for all other lenders. Also reduced from 0.1 percent to 0.06 percent are the account maintenance fees which are paid to guarantors annually by the federal government. Another of the larger spending reductions made in the Conference Report is an increase in the loan origination fee paid by lenders to the government. The Conference Report adopted the Senate provision and raises the fee the government collects from lenders on each loan disbursed from 0.5 percent to 1 percent.

- Deferments for Members of the Armed Forces – The Conference Report contains the Senate provision eliminating the three-year limitation on the period for which certain members of the Armed Forces may receive deferments on the interest on their student loans. It also extends this deferment period to cover 180 days after such a member of the Armed Forces is demobilized. The Conference Report also includes a House provision that permits members of the armed forces who enrolled in college or left college within six months of deployment to receive extended repayment on loan terms of up to 13 months upon return from active duty.

- Income-Based Repayment – The Conference Report guarantees that all borrowers' loan payments will be limited to 15 percent of their discretionary income. Unpaid interest on subsidized loans is to be paid by the government. Unpaid principal balances after 25 years of repayment shall be forgiven in the income-based repayment program.

- Loan Forgiveness – A new loan forgiveness program is created for public service employees. Under the plan, loan balances under the Direct Loan program (but not the Federal Family Education Loan (FFEL) program) shall be cancelled for a borrower who has been employed in a public sector job and making payments on the loan for ten years. Among those defined in the legislation as public sector employees: a full-time job in emergency management, military service, law enforcement, public education, and public child care.

- Competitive Loan Auction Pilot Program – Similar to the provision in the Senate-passed bill, the Conference Report creates a new competitive loan auction pilot program for all eligible PLUS loans. (PLUS loans are loans made to parents of dependent students.) Under the pilot program, one auction per state shall be administered by the Secretary of Education in which eligible lenders shall compete to originate all eligible PLUS loans at institutions of higher education within the state.

Background

The FY 2008 budget resolution (S. Con. Res. 21) included reconciliation instructions that directed the House Committee on Education and Labor and the Senate Committee on Health, Education, Labor and Pensions to report legislation to reduce spending on mandatory programs within their jurisdiction by $750 million for Fiscal Years 2007-12. The Federal Family Education Labor (FFEL) program and the William D. Ford Direct Loan (DL) program are the two major mandatory programs within the committees' jurisdiction.

To meet the reconciliation instructions, the House considered and passed H.R. 2669 on July 11 by a vote of 273 to 149.[3] H.R. 2669 produced a total of $20.4 billion in savings in mandatory spending over the 2008-12 period.[4] The spending reductions came primarily from cuts to student loan providers. Much of the savings beyond the $750 million achieved to satisfy the requirement of the budget resolution would be used to pay for a series of new or enhanced student-aid benefits. The additional benefits in the House-passed bill amount to roughly $17.6 billion over the 2008-12 period.[5]

When the Senate began its consideration of H.R. 2669, the text of S. 1769 was offered and agreed to as a substitute amendment. The Senate passed its bill on July 20 by a vote of 78 to 18.[6] S. 1769 produced a total of $19.4 billion in savings in mandatory spending over Fiscal Years 2008-12. After the $750 million in required savings over Fiscal Years 2007-12 is met, S. 1769 directs roughly $18.5 billion over the 2008-12 period toward a series of new or enhanced student-aid benefits.[7]

As a reconciliation conference report, H.R. 2669 has privileged status. As such, the conference report cannot be filibustered and debate is limited to ten hours in the Senate. In addition, "Byrd Rule" points of order can be raised against extraneous provisions in the conference report. Sixty votes are required to waive a point of order.

Bill Provisions

Section 1. Short Title; References

This Act shall be cited as the "College Cost Reduction and Access Act." Its effective date shall be October 1, 2007, unless otherwise noted.

[3] House Roll Call Vote 613.
[4] Congressional Research Service (CRS), "Student Loans, Student Aid, and FY2008 Budget Reconciliation," CRS Report for Congress RL34077, July 18, 2007.
[5] CRS.
[6] Senate Roll Call Vote 272.
[7] CRS.

TITLE I – GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

Section 101. Tuition Sensitivity

The Pell grant "tuition sensitivity" provision which prevents low-income students attending low-cost institutions, such as community colleges, to benefit fully from the Pell grant is eliminated. The Conference Report authorized and appropriated $11,000,000 for FY 2008.

The Senate amendment eliminated the Pell Grant "tuition sensitivity" provision and authorized and appropriated $5,000,000 for FY 2008.

Section 102. Mandatory Pell Grant Increases

The Senate bill created "Promise grants" – a new grant program for low-income, Pell-eligible students to be established in addition to the Pell grant program and awarded only to students with the greatest need who are already eligible for Pell grants. The Senate amendment authorized and appropriated new mandatory funding to increase the maximum Pell grant award, above the appropriated level, by $790 in 2008-09; $890 in 2009-10; $990 in 2010-11; $1,090 in 2011-12; and $1,090 in 2012.

The Conference Report provides new mandatory funding for Pell grants and makes the following increases in the Pell maximum under current law:

- $490 in 2008-2009 and 2009-2010;
- $690 in 2010-2011 and 2011-2012; and
- $1,090 in 2012-2013.

Combined with an appropriated level of $4,310, as it is in current law, the maximum Pell grant award will reach $4,800 in the 2008-2009 academic year; $4,800 in the 2009-2010 academic year; $5,000 in the 2010-2011 academic year; $5,000 in the 2011-2012 academic year; and $5,400 in the 2012-2013 academic year.

Section 103. Upward Bound

The House bill (Sec. 412) restricted the Secretary's use of funds for the purposes of evaluating and selecting participants of the Upward Bound program. The bill also provides an additional $228 million toward Upward Bound to fund the unfunded programs from the FY 2007 competition.

The Conference Report strikes the provision that restricts the Secretary's use of funds for the purposes of evaluating and selecting participants of the Upward Bound Program. The amendment provides $57 million in each of Fiscal Years 2008-11 for the program, for a total of $228 million. The Senate amendment contained no similar provision.

Section 104. TEACH Grants

The Conference Report creates new TEACH Grants that provide up-front pre-paid tuition assistance of $4,000/year (with a maximum of $16,000) for high-achieving graduate and undergraduate students who commit to teaching a high-need subject in a high-need school for four years. The Senate amendment contains no similar provision.

TITLE II – STUDENT LOAN BENEFITS, TERMS, AND CONDITIONS

Section 201. Interest Rate Reductions

The Conference Report reduces interest rates on subsidized Stafford loans for undergraduates to 6.0 percent on July 1, 2008; 5.6 percent on July 1, 2009; 4.5 percent on July 1, 2010; and 3.4 percent on July 1, 2011. The Senate bill contained no similar provision.

Section 202. Student Loan Deferment for Certain Members of the Armed Forces

The Conference Report contains the Senate language which eliminates a three-year limitation on the period for which certain members of the Armed Forces may receive deferments on their student loan payments. Deferments are allowed until 180 days after such member is demobilized. It also provides that such benefits are available regardless of when the student loan was originated. As in current law, members of the Armed Forces who qualify for this deferment are limited to those who are serving on active duty or performing qualifying National Guard duty during a war or other military operation in a national emergency.

Section 203. Income-Based Repayment

The Conference Report includes a provision guaranteeing that all borrowers' loan payments will be limited to 15 percent of their discretionary income, or 15 percent of the amount by which a borrower's adjusted gross income exceeds 150 percent of the poverty line, divided by 12. The Secretary will be required to pay any unpaid interest on subsidized loans for up to three years. In addition, there will be loan forgiveness of unpaid principal balances after 25 years of repayment in the income-based repayment program.

Section 204. Deferral of Loan Repayment Following Active Duty

The Conference Report permits active-duty members of the Armed Services, including members of the National Guard or other reserve components of the Armed Forces, who were enrolled in college or left college within six months of deployment to receive extended repayment on loan terms of up to 13 months upon return from active duty. The Senate amendment contained no similar provision.

Section 205. Maximum Repayment Period

The Conference Report amends provisions concerning the maximum repayment period in the income-contingent repayment program. The Senate amendment contains no similar provision.

TITLE III – FEDERAL FAMILY EDUCATION LOAN PROGRAM

Section 301. Guaranty Agency Collection Retention

The Conference Report reduces the percentage which guaranty agencies shall be allowed to retain from payments made through collections on defaulted loans from 23 percent to 16 percent. The Senate amendment contained the same provision.

Section 302. Elimination of Exceptional Performer Status for Lenders

The Conference Report adopted language from the Senate bill and eliminates the provision that allows lenders designated as "exceptional performers." This change is effective October 1, 2007, with the exception of lenders designated as exceptional performers as of that date shall be allowed to continue such designation for the remainder of the year for which the designation was made.

Section 303. Reduction of Lender Insurance Percentage

The Conference Report adopted language from the Senate bill which maintains the level of insurance paid by the Federal government on defaulted loans guaranteed under title IV, currently set at 97 percent, with an additional provision that the lender insurance rate will be reduced to 95 percent in 2013.

Section 304. Definitions

<u>Economic Hardship</u>
The Conference Report changes the definition of economic hardship to create a uniform definition that applies to all borrowers, based on income less than 150 percent of the poverty level for the borrower's family size. The Senate bill changed part of the definition of "economic hardship" to income less than 150 percent of the poverty level for the borrower's family size.

<u>Eligible Not-for-profit Holder</u>
The Conference Report defines "eligible not-for-profit holder" for the purposes of determining the special allowance payment for which a lender is eligible. Eligible not-for-profit holder is defined as an eligible lender that is a State, or a political subdivision, authority, agency or other instrumentality thereof, or an entity with not-for-profit status under the tax code, or a trustee acting as an eligible lender on behalf of one of these entities. No eligible not-for-profit holder shall be owned or controlled, in whole or in part, by a for-profit entity. If an eligible not-for-profit holder sells loans on which the Secretary is paying the higher special allowance payment designated for eligible not-for-profit holders described in the Conference Report to a for-profit entity or an entity that is not an eligible not-for-profit holder, such loans shall from the date of sale instead receive the special allowance payment designated for other such lenders, as described in Section 305.

An eligible not-for-profit holder will not be considered to be owned or controlled by a for-profit entity if an eligible lender trustee merely holds the loan in trust for the eligible not-for-profit holder and does not receive any benefit from the loan beyond reasonable and customary fees. A not-for-profit entity on whose behalf a trustee is acting as an eligible lender will not be deemed owned or controlled by a for-profit entity, as a result of granting a security interest in, or otherwise pledging as collateral, loans or the income from a loan to secure a debt obligation in the operation of the trustee relationship. Further, an eligible not-for-profit holder must have been in operation and serving as an eligible lender on the date of enactment of the College Cost Reduction and Access Act, and a trustee, in order to be an eligible not-for-profit lender, must be a trustee acting on behalf of such an eligible lender. A state may elect to waive this requirement for a new eligible not-for-profit holder determined by the state to be necessary to fill a public purpose, except that a state may not waive any of the requirements related to trustees. The Secretary must promulgate regulations implementing this provision no later than one year after the date of enactment.

Section 305. Special Allowances

<u>Reduction of Lender Special Allowance Payments (SAP)</u>
The Conference Report reduces the special allowance payment rate for lenders, which is currently set for student loans at the Commercial Paper (CP) lending rate plus 1.74 percent while borrowers are in school or in a grace period, and CP plus 2.34 percent while borrowers are in repayment, and is currently set for PLUS (parents of dependent students) loans at CP plus 2.64 percent, and for consolidation loans at CP plus 2.64 percent (less the 1.05 percent annual rebate fee).

The Conference Report reduces the SAP payments by 40 basis points for non-profit lenders and by 55 basis points for all other lenders. It also equalizes the SAP rate for Stafford and PLUS loans.

<u>Increased Loan Fees from Lenders</u>
The Conference Report adopts the Senate language and increases the fee the Secretary shall collect from all lenders under Section 438(d) of title IV on each loan disbursed from 0.50 percent to 1 percent.

Section 306. Account Maintenance Fees

The Conference Report reduces the account maintenance fees from 0.1 percent to 0.66 percent. The Senate bill changed the method by which account maintenance fees are calculated from a calculation based on the total amount of loan principal to a per-loan basis.

TITLE IV – LOAN FORGIVENESS

Section 401. Loan Forgiveness for Public Service Employees

The Conference Report creates a new loan forgiveness plan for public service employees. The plan provides that the Secretary shall forgive the remaining loan balance for a borrower who has been employed in a public sector job and has made payments on such loan for a period of ten years (which need not be consecutive). Such borrowers shall be eligible to have 1/10 of the remaining loan balance forgiven for each of the ten years.

TITLE V – FEDERAL PERKINS LOANS

Section 501. Distribution of Late Collections

The Conference Report contains the Senate language which postpones the date on which institutions must return late collections on Perkins loans to the Secretary to September 30, 2012.

TITLE VI – NEED ANALYSIS

Section 601. Support for Working Students

The Conference Report includes provisions to increase students' eligibility for student aid, including the Pell grant, through phased-in increases in the Income Protection Allowance (IPA) for all students.

The IPA is increased as follows: (1) for dependent students, the amount of the income protection allowance is increased to $3,750 for the 2009-2010 academic year, $4,500 for the 2010-2011 academic year, $5,250 for the 2011-2012 academic year, and $6,000 for the 2012-2013 academic year; (2) for independent students without dependents other than a spouse, who are single, separated, or married with both spouses enrolled, the amount of the income protection allowance is increased to $7,000 for the 2009-2010 academic year, $7,780 for the 2010-2011 academic year, $8,550 for the 2011-2012 academic year, and $9,330 for the 2012-2013 academic year. For independent students without dependents other than a spouse, who are married and whose spouse is not enrolled, the amount of the income protection allowance is increased to $11,220 for the 2009-2010 academic year, $12,460 for the 2010-2011 academic year, $13,710 for the 2011-2012 academic year, and $14,690 for the 2012-2013 academic year. For independent students with dependents other than a spouse, the amount of the income protection allowance is increased as specified by the tables contained in this section, for a total increase of 50 percent over four years. The changes are to continue beyond the 2012-13 academic year.

Section 602. Simplified Needs Test and Automatic Zero Improvements

<u>Simplified Needs Test</u>
The Conference Report extends the time that an individual who has participated in a federal means-tested benefit program can qualify for a simplified needs test to 24 months from 12 months, and allows dislocated workers to be eligible for the simplified application form. The Senate bill contained no similar provision.

<u>Automatic Zero</u>
The Conference Report increases the family income level under which a student is automatically eligible for the maximum Pell grant, or the "auto-zero," from the current level of $20,000 to $30,000 and indexes this level to the Consumer Price Index (CPI). The Senate bill increased the

family income level under which a student is automatically eligible for the maximum Pell grant to $30,000.

Section 603. Discretion of Student Financial Aid Administrators

The Conference Report allows financial aid administrators to use discretion in calculating the expected student or family contribution in cases in which a family member is a dislocated worker (as defined in section 101 of the Workforce Investment Act of 1998). It further clarifies and expands the conditions under which financial aid administrators may use discretion in calculating the expected student or family contribution to include an independent student's loss of employment or a change in a student's housing status that results in homelessness. The effective date of this provision is July 1, 2009.

Section 604. Definitions

The Conference Report clarifies definitions for dislocated workers and means-tested federal benefits and amends the provisions concerning untaxed income and benefits in current law. Specifically, the Conference Report excludes TANF (welfare benefits), Earned Income Tax Credits, and Social Security from the income calculation in the needs analysis. Asset calculation in this section is clarified to ensure that 529 plans are counted as the asset of the parent for independent students.

The definition of "independent student" is expanded to include: individuals in foster care anytime after age 13; emancipated minors or individuals in legal guardianships as determined by an appropriate court in such an individual's State of legal residence; and any individual who has been adequately verified as an unaccompanied youth who is a homeless child or youth, as defined in the McKinney-Vento Homeless Assistance Act. Foster students do not lose their independent student status during non-school terms with regard to housing and other benefits. It clarifies that financial aid administrators may make determinations regarding a student's independent status based on a documented determination of independence by another financial aid administrator in the same year.

TITLE VII – COMPETITIVE LOAN AUCTION PILOT PROGRAM

Sec. 701. Competitive Loan Auction Pilot Program

The Conference Report contains the language from the Senate bill which establishes a new competitive loan auction pilot program. The Secretary is directed to carry out a pilot program to establish a mechanism for the auction of all eligible PLUS loans. Such loans are loans made to parents of dependent students. The Secretary shall administer one auction for each state, in which eligible lenders shall compete to originate all eligible PLUS loans at institutions of higher education within the state.

TITLE VIII – PARTNERSHIP GRANTS

Section 801. College Access Challenge Grants

The Conference Report establishes a College Access Challenge Grant program to make payments to states to assist them in carrying out specified activities to increase college access for low-income students in the state. The federal share of the matching grant is two-third and the state share is one-third. Activities may be carried out under this grant by state agencies or not-for-profit organizations that the state designates, including not-for-profit lenders, and must be made available to all qualifying students in the state, with priority given to students and families living below the poverty line. Philanthropic organizations will be permitted to apply to the Secretary for a grant in the case where a state does not meet the matching requirements or chooses not to apply for a grant. Authority to carry out this section shall expire on September 30, 2009.

Section 802. Investment in Historically Black Colleges and Universities and Minority Serving Institutions

The Conference Report authorizes $255 million in each of Fiscal Years 2008 and 2009, for a total of $510 million, for the following designated institutions:

- $200 million to Hispanic-Serving Institutions to be distributed to the institutions in the same competitive manner as is done under title V of the Higher Education Act, and for uses under title V with priority to those applications that will increase the number of low-income students attaining degrees in the fields of science, technology, engineering, or math and to applications that develop model transfer articulation agreements;

- $170 million to Historically Black Colleges and Universities to be distributed for use through some of the activities described in section 323(a) of the Higher Education Act, including the purchase of laboratory equipment, the funding of instruction, the purchase of materials, and the establishment or enhancement of a teacher education program. Additionally, funds may be used in a manner consistent with the institution's comprehensive plan and designed to increase the institution's capacity to prepare students for careers in the physical and natural sciences, math, computer science, information technology, engineering, language instruction and other specified areas;

- $30 million to Predominately Black Institutions to award 50 grants of $600,000 for programs in the fields of science, technology, engineering, health education, teacher education, or programs that improve the educational outcomes of African American males;

- $60 million to Tribal Colleges and Universities to be distributed in the manner that the funds are used under current law in section 316 of the Higher Education Act including the purchase of laboratory equipment, the funding of instruction, the purchase of materials, or the establishment or enhancement of teacher education and outreach programs;

- $30 million to Alaska/Hawaiian Native Institutions to be distributed in the manner that the funds are used under current law in section 317 of the Higher Education Act, including the purchase of laboratory equipment, the funding of instruction, the purchase of materials, and the creation of academic tutoring programs;

- $10 million to Asian American and Pacific Islander Institutions to be distributed to institutions as defined in this section, and used in a manner that may include the purchase of laboratory equipment, the funding of instruction, the purchase of materials, and the creation of tutoring programs; and

- $10 million for Native American Serving, Nontribal Institutions to be distributed to institutions as defined in this section, and used in a manner that may include the purchase of laboratory equipment, the funding of instruction, the purchase of materials, and the creation of tutoring programs.

The Conference Report defines the following for the purposes of distributing funds:

Predominately Black Institutions as institutions that have an enrollment of financially needy undergraduate students; an enrollment of undergraduate students at least 40 percent of whom are Black; and has at least 1,000 undergraduate students of whom not less than 50-percent enrolled at the institution are low-income or first generation and registered in a Bachelors or Associates of Arts program leading to a degree.

Asian and Pacific Islander-serving institution as institutions that have an enrollment of undergraduate students that is at least 10-percent Asian American and Pacific Islander and has a significant enrollment of financially needy students.

The amendment defines *Native American Serving, Nontribal Institutions* for the purposes of distributing funds at institutions that have an enrollment of undergraduate students that is at least 10-percent Native American and is not a Tribal College or University.

The Senate bill contains no similar provision.